

Reference Number: 200-03-DD

Title of Document: Accounts Receivable Collection Policy

Date of Issue: July 1, 1987
Effective Date: July 1, 1987
Last Review Date: August 13, 1993 **NO REVISIONS**
Date of Last Revision: July 1, 1987
Applicability: Regional Center, Central Office

The South Carolina Department of Disabilities and Special Needs is responsible for collecting care and maintenance fees for services rendered to the clients of the agency according to their ability to pay for these services and in keeping with the policies set forth in other agency directives. Charges for these services are billed to the client or to a third party serving in the capacity of financial representative for the client. The purpose of this directive is to establish agency policy regarding the collection of overdue or delinquent charges and to outline procedures for the determination and disposition of bad debt.

ACCOUNTS RECEIVABLE REVIEW COMMITTEE

The South Carolina Department of Disabilities and Special Needs shall establish an Accounts Receivable Review Committee devoted to the purpose of recommending the necessary course of action to be taken in cases of excessively delinquent Third Party Billing System accounts. The Review Committee shall be appointed by the commissioner of the agency and shall be comprised of the following staff positions:

1. A regional Services Support Administrator (one-year term)
2. A regional Claims and Collections Officer (two-year term)
3. A central office Accounts Receivable Section representative (permanent position)
4. A Legal Services staff member (permanent position)
5. A Program Services staff member (one-year)

Regional representatives on the Accounts Receivable Review Committee shall be appointed from different regions.

AGING OF ACCOUNTS RECEIVABLE

It shall be the policy of the Department of Disabilities and Special Needs to process past due receivables in accordance with the following guidelines:

1. 60 Days Past Due

It shall be the responsibility of the Claims and Collections Officer to advise the payor in writing that his or her account is 60 days past due and that payment is due or procedures for making payment must be arranged.

The department will assist representative payees in cases where the payee expresses a desire to arrange for payment of the overdue balance. It shall be the responsibility of the Regional Claims and Collections Officer, along with the assistance and approval of the Regional Services Support Administrator, to work with the payee in establishing a payment schedule where it is deemed impossible for the payee to remit the entire balance in one payment.

Such overdue payment agreements shall be in the format of the enclosed exhibit and shall be signed by the representative payee, the regional Claims and Collection Officer, and the regional Administrator, Services Support Program. A copy of the completed agreement shall be sent to the Central Office Division of Finance, Accounts Receivable Section.

Payment agreements of less than full balance due amounts shall be established in monthly amounts of the greater of ten percent of the delinquent balance or \$100.00. The amounts set forth in such agreements shall be in addition to any regular charges against continuing income or resources.

Any outstanding balance must be paid in full upon receipt of notice from the department that a payment agreement is in default. Default occurs when a payment is not received within 15 days of the normal billing date.

2. 90 Days Past Due

It shall be the responsibility of the Claims and Collections Officer to notify the Central Office Finance

Division in writing that the account is 90 days past due so that a registered letter may be written advising the payor of action intended by the agency.

3. 120 Days Past Due

It shall be the responsibility of the Claims and Collections Officer to notify the Central Office Finance Division in writing so that a letter may be sent from the South Carolina Department of Disabilities and Special Needs's General Counsel advising of the agency's intent to proceed with the legal options of collecting the past due account balance.

4. 80 Days Past Due

At this point, the Claims and Collections Officer is to notify the Department Review Committee in writing of the past due status of the applicable account.

The Review Committee shall schedule a review of the case and shall notify the payee or client of the date of the Review Committee meeting and of their right to appear before the committee and be heard. This notification and invitation shall be presented by registered letter (Exhibit II) which shall be delivered no later than thirty days prior to the scheduled Review Committee meeting.

Following its review, the committee may recommend waiver of payment and writing off of the account, temporary suspension of billing procedures, or the committee may refer the case to Legal Services Division for prosecution.

SUSPENSION OF BILLING PROCEDURES - NO WRITEOFF

It shall be the policy of the department to provide for the temporary suspension of billing procedures in cases where delinquent payors cannot be located or when it seems likely that the delinquent account may prove collectible in the future. The decision to temporarily suspend billing procedures is a collection option available to the Review Committee.

It shall be the responsibility of the Claims and Collections Officer to insure that all available resources are exhausted in attempting to locate an individual who is in debt to the Agency. Such

attempts to locate shall be documented prior to the suspension of billing procedures on the account.

Upon location of a party having an outstanding debt against which billing has been terminated due to an inability to locate, it shall be the policy of the department to resume billing procedures on the account.

The status of accounts on which billing activity has been suspended shall be reviewed at least semi-annually by the Claims and Collections Officer and any necessity for continuation of the suspended status shall be documented. This documentation shall be filed with and approved by the Review Committee, and any subsequent approval shall be presented in writing to the Claims and Collections Officer and the Central Office Division of Finance.

BAD DEBT WRITEOFF PROCEDURES

The recommendation of the Review Committee shall be presented to the Director of Finance and the Deputy Commissioner for Fiscal Affairs for review and signature approval. Following this process, the account shall be forgiven as outlined by the review committee and the balance shall be adjusted by the Regional Claims and Collections Officer.

In all cases, the Review Committee recommendations shall be presented in writing and shall include documentation of the attempts to collect the account. All pertinent information used in reaching a decision and presenting a given recommendation should be made available for review and should be made a part of the case file for future reference.

PROSECUTION PROCEDURES

1. Upon recommendation of the Review Committee, the individual case shall be referred to Legal Services Division for prosecution.
2. Legal Services shall proceed with collection procedures according to its own procedures and in keeping with the requirements of S.C. Code Ann. \44-21-260 regarding collection of charges for services rendered by the department.

NOTIFICATION OF DECISION AND RIGHT TO APPEAL

The review committee will notify the commissioner of the department and the payor of its decision in writing within 10 days following the review meeting date. The payor shall be notified by registered mail using a format similar to Exhibit III and shall be given 10 days to file an appeal of the decision in writing with the commissioner. The commissioner may review the case facts and, at his option, decide to uphold the decision of the Review Committee, completely overturn the decision, or modify the recommendations of the Review Committee as he sees fit and appropriate. Notification of appeal decisions by the commissioner shall be made to the payor, the Accounts Receivable Review Committee chairperson, the Claims and Collections Officer from the involved region, and the Division of Finance Accounts Receivable Section.

James E. Kirk
Deputy Commissioner for Fiscal Affairs
(Originator)

Charles D. Barnett, Ph.D.
Commissioner
(APPROVED)

Exhibit 1

SOUTH CAROLINA DEPARTMENT OF DISABILITIES AND SPECIAL NEEDS

THIRD PARTY BILLING SYSTEM

OVERDUE PAYMENT AGREEMENT

ACCOUNT NAME: _____

ACCOUNT NUMBER: _____

I, (Payee) recipient of Care and Maintenance bill for (Client's Name), hereby agree to the following terms for Repayment of (Client's Name) past due Care and Maintenance charges. I will pay (Amount) per month for (Number of Months) with a final payment of (Final Payment Amount) in addition to the normal Care and Maintenance bill. I understand that if I fail to make payment of the additional amounts stated above the full amount of the remaining outstanding balance must be paid in full upon receipt of notice that this agreement is in default. Default occurs when a payment is not received within 15 days of the normal billing date.

DATE: _____

Parent/Guardian/Committee

Regional Claims and Collection Officer

Regional Services Support Administrator

Exhibit 2

(Date)

(First Name) (Last Name)
(Address)
(City), (State) (ZipCode)

Account Number: (Account Number)
Account Name: (Account Name)

Dear (Title) (Last Name):

The South Carolina Department of Disabilities and Special Needs Third Party Billing System account for which you have been receiving statements is delinquent and is scheduled for review by the South Carolina Department of Disabilities and Special Needs Accounts Receivable Review Committee on (Meeting Date).

According to the agency's Departmental Directive 200-03, you have the right to appear before this committee to present any facts which you consider relevant to arriving at a decision regarding this account and its status.

Please notify the committee of your intent to appear at this meeting no later than (Notification Date) either in writing or by phoning me at (Phone Number).

Sincerely,

(Chairman's Name)
Chairman, SCDDSN Accounts Receivable Review Committee

Exhibit 3

(Date)

(First Name) (Last Name)
(Address)
(City), (State) (ZipCode)

Account Number: (Account Number)
Account Name: (Account Name)

Dear (Title) (Last Name):

The South Carolina Department of Disabilities and Special Needs Accounts Receivable Review Committee met on (Meeting Date) to review the delinquent status of the above-referenced account for which you are fiscal representative. The decision of this committee follows.

(Decision Text)

According to the SCDDSN Departmental Directive 200-03, you have the right to appeal this decision to the commissioner of the department. In order to exercise this right you must present your appeal to him within ten (10) days of receipt of this letter.

Thank you for your attention to this matter.

Sincerely,

(Chairman's Name)
Chairman, SCDDSN Accounts Receivable Review Committee